

**WATERFRONT EDINBURGH LIMITED**

**Directors' report and financial statements**

**For the year ended 31 December 2015**

**Registered number SC200223**

**WATERFRONT EDINBURGH LIMITED**  
**Directors' Report and Financial Statements**  
**For the year ended 31 December 2015**

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**WATERFRONT EDINBURGH LIMITED**

**Officers and professional advisers**

**For the year ended 31 December 2015**

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**The Board of Directors**

G Barrie  
E Adair  
J Watt  
H Rutherford  
D Benson  
G Munro  
I Whyte

**Registered Office**

7-9 North St David Street  
Edinburgh  
EH2 1AW

**Auditor**

Scott Moncrieff  
Chartered Accountants  
& Statutory Auditor  
Exchange Place 3  
Sempie Street  
Edinburgh EH3 8BL

**Bankers**

Royal Bank of Scotland plc  
St Andrew Square  
Edinburgh  
EH2 2AD

# WATERFRONT EDINBURGH LIMITED

## Directors' report

For the year ended 31 December 2015

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The directors present their report and the financial statements of the company for the year ended 31 December 2015.

### Directors' Report, Principal Activities and Business Review

The principal activity of the company is to carry out property development and regeneration in line with the strategic objectives of the City of Edinburgh Council.

The company is currently assessing the best strategy for a sustainable supply of housing within the Granton area, with a view to working towards preparing planning applications in the company year.

The company is also actively working with community groups in order to promote and improve community integration.

### Directors

The directors who served the company during the year were as follows:

F Ross (resigned 10 March 2016)  
G K Barrie (appointed 10 March 2016)  
E Adair  
J Rust (resigned 28 May 2015)  
J Watt  
H Rutherford  
D Benson  
G Munro  
I Whyte (appointed 25 June 2015)

### Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

**WATERFRONT EDINBURGH LIMITED**

**Directors' report**

**For the year ended 31 December 2015**

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The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

The auditor, Scott-Moncrieff, is deemed to be re-appointed under section 487(2) of the Companies Act 2006.

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed by order of the directors:



E Adair

Director

Approved by the directors on 25<sup>th</sup> May 2016

## **WATERFRONT EDINBURGH LIMITED**

### **Independent auditor's report to the members of Waterfront Edinburgh Limited**

**For the year ended 31 December 2015**

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We have audited the financial statements of Waterfront Edinburgh Limited for the year ended 31 December 2015 which are set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**WATERFRONT EDINBURGH LIMITED**

**Independent auditor's report to the members of Waterfront Edinburgh Limited**

**For the year ended 31 December 2015**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report; or
- the directors were not exempt from the requirement to prepare a strategic report.



**Nick Bennett (Senior Statutory Auditor)**  
**for and on behalf of Scott-Moncrieff, Statutory Auditor**  
**Chartered Accountants**  
**Exchange Place 3**  
**Seemple Street**  
**Edinburgh**  
**EH3 8BL**

Date: 25 May 2016.

WATERFRONT EDINBURGH LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

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	Note	2015 £	2014 £
Revenue	4	62,344	2,368,720
Cost of sales		(98,760)	(719,274)
Gross (loss)/profit		(36,417)	1,649,446
Administrative expenses		(177,510)	(531,385)
<b>(Loss)/profit from operations</b>	5	(213,927)	1,118,061
Finance income		7,628	3,598
<b>(Loss)/profit before income tax expense</b>		(206,299)	1,121,659
Income tax (charge)/credit		39,074	(6,010)
<b>Net (loss)/profit for the year</b>		<u>(167,225)</u>	<u>1,115,649</u>

The loss for the year is attributable to the owners of the company. There are no other items of comprehensive income or expense in the current or prior year and therefore no statement of comprehensive income is shown.

The accompanying notes form part of these financial statements.



WATERFRONT EDINBURGH LIMITED

Statement of Changes in Equity

As at 31 December 2015

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	Issued Capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	33,250,000	(30,614,423)	2,635,577
Loss for the year	-	(167,225)	(167,225)
<b>Balance at 31 December 2015</b>	<u>33,250,000</u>	<u>(30,781,648)</u>	<u>2,468,352</u>

  

	Issued Capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	33,250,000	(31,730,072)	1,519,928
Profit for the year	-	1,115,649	1,115,649
<b>Balance at 31 December 2014</b>	<u>33,250,000</u>	<u>(30,614,423)</u>	<u>2,635,577</u>

The retained earnings reserve represents profits and losses retained in the current and previous periods.

The accompanying notes form part of these financial statements.

**WATERFRONT EDINBURGH LIMITED**

**Statement of Financial Position**

**As at 31 December 2015**

	Notes	2015 £	2014 £
<b>Non-current assets</b>			
Property, plant and equipment	10	-	-
Investment property	11	200,000	200,000
Investments in subsidiary and associate	12	301,000	301,000
<b>Total non-current assets</b>		<u>501,000</u>	<u>501,000</u>
<b>Current assets</b>			
Inventories	13	1,231,750	1,210,000
Trade and other receivables	14	272,928	15,422
Cash and cash equivalents	16	1,376,022	1,832,788
<b>Total current assets</b>		<u>2,880,700</u>	<u>3,058,210</u>
<b>TOTAL ASSETS</b>		<u><u>3,381,700</u></u>	<u><u>3,559,210</u></u>
<b>Equity and Liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	17	33,250,000	33,250,000
Retained earnings		(30,781,648)	(30,614,423)
<b>Total equity</b>		<u>2,468,352</u>	<u>2,635,577</u>
<b>Non-current liabilities</b>			
Provisions	19	500,000	500,000
<b>Current liabilities</b>			
Trade and other payables	18	413,348	423,633
<b>Total liabilities</b>		<u>913,348</u>	<u>923,633</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3,381,700</u></u>	<u><u>3,559,210</u></u>

The financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The financial statements on were approved by the board of directors and authorised for issue on 25th May 2016 and signed on its behalf by

E W Adair, Director

G K Barrie, Director

**Company number: SC200223**

The accompanying notes form part of these financial statements.

**WATERFRONT EDINBURGH LIMITED**

**Statement of Cash Flows**

**For the year ended 31 December 2015**

	2015 £	2014 £
<b>Cash flow from operating activities</b>		
<b>(Loss)/Profit before tax</b>	(206,299)	1,121,659
Adjustments for:		
Release of provision	-	-
Finance income	(7,628)	(3,598)
<b>Operating (loss)/profit</b>	(213,927)	1,118,061
(Increase)/Decrease in inventories	(21,750)	1,240,000
(Increase)/Decrease in trade and other receivables	(287,506)	26,708
Decrease in long term provisions	-	(787,500)
Decrease in trade and other payables	(10,285)	(15,021)
<b>Cash flows from operations</b>	(503,468)	1,582,248
Income taxes received	39,074	-
Interest received	7,628	3,598
<b>Net cash (outflow)/inflow from operating activities</b>	(456,766)	1,585,846
<b>Net (decrease)/increase in cash and cash equivalents</b>	(456,766)	1,585,846
<b>Cash and cash equivalents as at 1 January 2015</b>	1,832,788	246,942
<b>Cash and cash equivalents as at 31 December 2015</b>	1,376,022	1,832,788

The accompanying notes form part of these financial statements.

# WATERFRONT EDINBURGH LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2015

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### 1. Presentation of financial statements

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

#### **Standards issued but not yet effective**

There are standards which have been issued but are not yet effective at the date of issuance of the Waterfront Edinburgh Limited financial statements which the directors reasonably expect to be applicable at a future date.

*IAS 16 'Property, Plant and Equipment'*, is endorsed by the EU to be effective for accounting periods beginning on or after 1 January 2016.

*IAS 1 'Presentation of Financial Statements'* is endorsed by the EU to be effective for accounting periods beginning on or after 1 January 2016.

At the time of issuance of the Waterfront Edinburgh Limited financial statements, the following amendments and improvements had been published but were not incorporated as they were not in force:

*IFRS 7, IFRS 9, IFRS 15, IAS 27 and IAS 39*

The directors do not expect that the adoption of these standards and interpretations in future reporting periods will have a material impact on the company's financial statements.

### 2. Going concern

The directors are of the opinion that the company can continue to meet its obligations as they fall due for at least 12 months from the date of signing of the financial statements. As a consequence, the financial statements have been prepared on a going concern basis.

**WATERFRONT EDINBURGH LIMITED**

**Notes to the Financial Statements (continued)**

**For the year ended 31 December 2015**

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**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with UK companies' legislation, as applicable to companies reporting under IFRS. These financial statements therefore comply with IFRS as adopted by the EU.

The principal accounting policies adopted to prepare the financial statements are set out below.

**Critical accounting estimates and sources of estimation uncertainty**

In applying the accounting policies, the directors may at times, require to make critical accounting judgements and estimates about the carrying amount of assets and liabilities. These estimates and assumptions, when made, are based on historical experience and other factors that the directors consider are relevant.

The directors consider that there are no accounting estimates that have been made; or sources of uncertainty in the current year or prior year that would have a material effect on these financial statements.

**Revenue recognition**

Revenue is measured at the fair value of consideration received from income from the Company's ordinary business activities. Revenue is stated net of discounts, sales and other taxes. Revenue from sales is recognised when persuasive evidence of an arrangement exists, the significant risks and rewards of ownership have been transferred to the buyer, the price is fixed and determinable and collectability is probable.

Revenue from property sales is recognised upon legal completion.

Rentals receivable under operating leases are recognised in the income statement over the term of the lease on a straight line basis.

Revenue from dividend income is recognised when the rights of the shareholder to receive the payment is determined.

**Financial instruments**

Financial instruments are measured initially at cost, which is the fair value of what was paid or received to acquire or incur them.

After initial recognition, financial assets and liabilities may be classified into the following categories: financial assets or liabilities at fair value through profit or loss; held to maturity investments; available for sale financial assets; loans and receivables and other financial liabilities at amortised cost.

The company has the following categories of financial assets and liabilities:

**Trade and other receivables**

Trade and other receivables are initially measured at fair value, which is the original invoice amount, and subsequently measured at amortised cost, using the effective interest method unless the effect would not be material. A provision for impairment is accounted for when management deems that specific receivable balances will not be collected. The amount of the impairment loss is recognised in the income statement. Bad debts should be written off when they are identified as being irrecoverable.

# WATERFRONT EDINBURGH LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2015

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### 3. Accounting policies (continued)

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

#### **Trade and other payables**

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect would not be material.

#### **Investments**

Investments in subsidiary and associated undertakings are stated at cost less provision for permanent impairment.

#### **Current and deferred taxation**

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

**WATERFRONT EDINBURGH LIMITED**

**Notes to the Financial Statements (continued)**

**For the year ended 31 December 2015**

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**3. Accounting policies (continued)**

**Property, plant and equipment**

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

Fixtures & Fittings	- 25% straight line
Motor Vehicles	- 25% straight line

**Investment property**

Investment property is property held to generate rental income and/or for capital appreciation. Investment property is initially measured at fair value and subsequently revalued annually to its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

**Pension costs**

The company makes payments into defined contribution personal pension schemes for its employees. Obligations for contributions to defined benefit schemes are charged to the income statement in the period to which the contributions relate.

**Inventories**

Inventories, consisting of work in progress, are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the work in progress to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for any foreseeable losses where appropriate. The directors consider all work-in-progress to be current in nature, however due to the activities of the company it is possible that they will not be realised within 12 months due to external factors such as customer demand and market activity.

**Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions at the year-end relate to infrastructure works at sites, currently held within inventories, which the company is obliged to pay in the event of sale or disposal of individual sites.

**WATERFRONT EDINBURGH LIMITED**

**Notes to the Financial Statements (continued)**

**For the year ended 31 December 2015**

**4. Revenue**

An analysis of revenue is as follows:

	2015 £	2014 £
Sale of Land or Property	-	2,300,000
Investment property rental income	9,829	12,898
Inventory property rental income	46,800	42,505
Rendering of services	5,715	13,317
	<u>62,344</u>	<u>2,368,720</u>

**5. Operating profit**

Operating profit is stated after crediting the following:

	2015 £	2014 £
Lease payments under operation leases recognised as income in the period	<u>56,629</u>	<u>55,403</u>

**6. Employee expenses**

	2015 £	2014 £
Wages and salaries	20,149	107,624
Pension costs – defined contribution plans	1,410	7,481
Social security costs	3,331	8,682
	<u>24,890</u>	<u>123,787</u>

The average number of employees during the year was 1 (2014: 4)

**7. Directors**

No directors received emoluments from Waterfront Edinburgh Limited in the year or the previous year. There were no other transactions with directors in the year.



**WATERFRONT EDINBURGH LIMITED**

**Notes to the Financial Statements (continued)**

**For the year ended 31 December 2015**

**8. Auditor's remuneration**

During the year the following fees for audit services were paid to the company's auditor:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor for audit services	6,500	6,500
	<u>6,500</u>	<u>6,500</u>

**9. Corporation tax**

**(a) Analysis of charge in the year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Current tax charge	(41,726)	10,305
Adjustments in respect of previous periods	2,652	(4,295)
	<u>(39,074)</u>	<u>6,010</u>

**(b) Factors affecting tax charge in the year**

The tax charge for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.24% (2014: 21.49%). The differences are explained below:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
(Loss) / Profit before tax	<u>(206,299)</u>	<u>1,121,659</u>
Tax on accounting profit at 20.24% (2014: 21.49%)	(41,768)	241,080
Effects of:		
Expenses not deductible for tax purposes	921	32
Group relief surrendered	41,740	-
Losses surrendered	(41,726)	-
Adjustments in respect of previous periods	2,652	-
Adjust deferred tax to average rate	295,992	(16,148)
Deferred tax not recognised	(295,885)	(216,302)
Unexplained difference	-	(2,652)
Current tax charge in the year	<u>39,074</u>	<u>6,010</u>

The company has a deferred tax asset of £2,664,026 (2014: £2,958,144) primarily in respect of tax losses carried forward. This asset has not been recognised in the financial statements as there is not adequate assurance that sufficient future taxable profits will exist in the near future against which these tax losses can be offset. These tax losses are not expected to expire.

**WATERFRONT EDINBURGH LIMITED**

**Notes to the Financial Statements (continued)**

**For the year ended 31 December 2015**

**10. Property, plant and equipment**

**At 31 December 2015**

	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 2015 and 31 December 2015	10,533	21,031	31,564
<b>Depreciation</b>			
At 1 January 2015 and 31 December 2015	10,533	21,031	31,564
<b>Net book value</b>			
At 31 December 2014 and 31 December 2015	-	-	-

**11. Investment property**

	2015 £	2014 £
At 1 January 2015 and 31 December 2015	200,000	200,000

Investment property was valued at 31 December 2015 by GVA Grimley on the basis of open market value for existing use. The valuation was carried out in accordance with the Practice Statement in the RICS Appraisal and Valuation Manual.

The related rental income recognised in the income statement during the year was £9,829 (2014: £12,898) along with direct operating expenses of £16,104 (2014: £16,827).

WATERFRONT EDINBURGH LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

12. Investments

	£
<b>Cost</b>	
At 1 January 2015 and 31 December 2015	<u>2,363,801</u>
<b>Provisions</b>	
At 1 January 2015 and 31 December 2015	<u>(2,062,801)</u>
<b>Net book value</b>	
At 31 December 2014 and 31 December 2015	<u>301,000</u>

The company owns 42.5% of the ordinary shares of Caledonia Waterfront (Harbour Road) Limited, a company incorporated in Scotland whose principal activity is property development.

The results of this company are not consolidated in these financial statements. Summary financial information for this undertaking as extracted from audited accounts for the year ended 31 March 2015 (prepared under UK GAAP) is set out below:

**Caledonia Waterfront (Harbour Road) Limited**

	£
Revenue	15,236
Loss before taxation	(104,745)
Taxation	-
Loss after taxation	<u>(104,745)</u>
Fixed Assets	700,000
Current Assets	32,014
Creditors: amounts falling due within one year	(38,583)
Creditors: amounts falling due after more than one year	-
Net Assets	<u>693,431</u>

The company has taken advantage of the exemption not to prepare consolidated financial statements on the basis that the immediate parent, The EDI Group Limited, prepares consolidated financial statements which are available for public use and comply with International Financial Reporting Standards, as adopted by the EU. The EDI Group Limited is a company incorporated in Scotland and its consolidated financial statements are available from The EDI Group Ltd, 7-9 North St David Street, Edinburgh, EH2 1AW.

## WATERFRONT EDINBURGH LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2015

#### 13. Inventories

	2015	2014
	£	£
Work in progress	1,231,750	1,210,000

Work in progress consists of development properties which were valued by Messrs GVA Grimley Limited, Chartered Surveyors at 31<sup>st</sup> December 2015 in accordance with the definition of market value and good practice guidelines as set out in the RICS valuation and appraisal manual. £11,750 of professional fees have also been included within the WIP balance.

#### 14. Trade and other receivables

	2015	2014
	£	£
Trade receivables	8,127	4,229
Amounts owed by group undertakings	261,864	2,964
Amounts owed by associated undertakings	-	-
Other debtors	2,937	8,229
	<u>272,928</u>	<u>15,422</u>

#### 15. Related party transactions

The immediate parent company is The EDI Group Limited, a company registered in Scotland. The ultimate holding organisation is The City of Edinburgh Council.

At 31 December 2015, a net amount of £nil (2014: £2,826) was due from City of Edinburgh Council (CEC), the ultimate holding organisation. During the year an amount of £nil (2014: £nil) was raised to CEC for recharged costs, and £nil (2014: £nil) for management fees.

At 31 December 2015, a net amount of £5,129 (2014: £1,612) was due to The EDI Group Limited, the immediate parent company. Management fees of £nil (2014: £279,962) were charged by The EDI Group Limited for work undertaken during the year.

At 31 December 2015, £241,726 (2014: £nil) was due from PARC Craigmillar Limited, a related company.

At 31 December 2015, £20,138 (2014: £138) was due from Caledonia Waterfront (Harbour Road) Limited, a related company.

During the year management fees of £4,000 (2014: £12,000) were received from Caledonia Waterfront (Harbour Road) Limited.

**WATERFRONT EDINBURGH LIMITED**

**Notes to the Financial Statements (continued)**

**For the year ended 31 December 2015**

**16. Cash and cash equivalents**

	2015 £	2014 £
Cash on hand	1,376,022	1,832,788
	1,376,022	1,832,788

For the purposes of the statement of cash flows, cash and cash equivalents comprise the above at 31 December 2015.

**17. Share capital**

**Authorised, called up and fully paid:**

	2015		2014	
	No	£	No	£
100 'A' Ordinary shares of £1 each	100	100	100	100
100 'B' Ordinary shares of £1 each	100	100	100	100
33,249,800 'C' Ordinary shares of £1 each	33,249,800	33,249,800	33,249,800	33,249,800
	33,250,000	33,250,000	33,250,000	33,250,000

The 'C' Ordinary shares rank pari passu with the 'A' and 'B' shares for the payment of dividends and the distribution of assets in the event of winding up. 'A' and 'B' shares carry equal voting rights.

**18. Trade and other payables**

	2015 £	2014 £
Trade payables	14,136	10,148
Other payables	4,042	6,357
Accrued liabilities	390,019	399,506
Amounts due to group undertakings	5,129	1,612
Corporation tax	22	6,010
	413,348	423,633

**19. Long term liabilities - provisions**

	£
Balance at 1 January and 31 December 2015	500,000
	500,000

The company has obligations for further development costs under section 75 of the Town and Country Planning (Scotland) Act 1997. The timing and eventual amount of these provisions remain uncertain and are subject to change but were valued by Messrs GVA Grimley Limited Chartered Surveyors as at 31 December 2015.

# WATERFRONT EDINBURGH LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2015

### 20. Financial instruments and risk management

The company has the following categories of financial instruments at the balance sheet date:

	2015 £	2014 £
<b>Financial assets</b>		
Loans and receivables		
- Trade and other receivables	272,928	14,758
- Cash and cash equivalents	1,376,022	1,832,788
	<u>1,648,950</u>	<u>1,847,546</u>

Trade and other receivables in note 14 includes an amount of £558 (2014: £664) which relates to prepayments and is therefore not classed as a financial asset.

	2015 £	2014 £
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost		
- Trade and other payables	413,348	423,633
	<u>413,348</u>	<u>423,633</u>

#### Capital risk management

The company aims to manage its overall capital structure to ensure it continues to operate as a going concern. The company's capital structure represents the equity attributable to the shareholders of the company together with cash equivalents. The directors are closely involved in the running of the company and are therefore fully aware of the capital position of the company at any point in time and any changes that circumstances bring. As a result they are in a position to address any issues that may arise on a timely basis.

#### Risk management objectives

The Board is charged with the overall responsibility of establishing and monitoring the company's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the company. The company does not enter into or trade financial instruments for speculative purposes.

The main risks that the company is exposed to through its financial instruments are market risk, credit risk and liquidity risk. These are managed as follows:

#### Market risk

Market risk is the risk that the value of the company's properties and sites under development may fall resulting in further write-offs to the income statement.

WATERFRONT EDINBURGH LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

20. Financial instruments and risk management (continued)

**Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company. It arises from exposure to customers and amounts owed by group undertakings.

The maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is reviewed regularly by the Board of Directors and monitored by actively assessing the rating quality and liquidity of counterparties as follows:

- Only banks and institutions with an acceptable credit rating are utilised;
- All potential customers are rated for credit worthiness taking into account their size, market position and financial standing;
- Customers that do not meet the company's credit policies may only purchase in cash or using recognised credit cards.

**Liquidity risk**

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages that risk as follows:

- Preparing forward looking cash flow analysis; and
- Ensuring that adequate unutilised borrowing facilities are maintained.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Less than a year</b>
	<b>£</b>
<b>As at 31 December 2015</b>	
Trade payables	14,136
Other creditors	9,193
	<u>23,329</u>
	<u><u>23,329</u></u>
	<b>Less than a year</b>
	<b>£</b>
<b>As at 31 December 2014</b>	
Trade payables	10,148
Other creditors	13,979
	<u>24,127</u>
Other payables	<u><u>24,127</u></u>

**WATERFRONT EDINBURGH LIMITED**

**Notes to the Financial Statements (continued)**

**For the year ended 31 December 2015**

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**Fair values**

The directors consider that the carrying values of all the company's financial assets and liabilities approximate their fair values at the balance sheet dates. These are fair value level 1 valuations.

The company does not hold any financial instruments that are classified as fair value through the profit or loss or available for sale and therefore are measured at fair value.